

April 4, 2001

Council of the District of Columbia

PUBLIC HEARING ON THE MAYOR'S FISCAL YEAR 2002 BUDGET SUPPORT ACT OF 2001,
TITLE XX

Testimony of Herbert J. Huff, Deputy Chief Financial Officer for Tax and Revenue, before the Committee of the Whole

Good morning, Chairman Cropp and members of the Council. I am Herbert J. Huff, Deputy Chief Financial Officer for the Office of Tax and Revenue (OTR). In attendance with me today are Henry Riley, Director of the Real Property Tax Administration, and Greg Matson, General Counsel.

We are pleased to have the opportunity to comment on Title XX of Bill 14-144, the "Fiscal Year 2002 Budget Support Act of 2001", which provides for the discontinuation of the triennial real property assessment process and the phasing in of an annual assessment process. This change would become effective for tax year 2002, beginning October 1, 2001.

Yesterday, the Council adopted the Real Property Tax Assessment Transition Emergency Act of 2001, Bill 14-160, and approved at first reading identical temporary legislation that provides the necessary legal "bridge" between May 1, 2001, and the October 1, 2001 implementation of the annual assessment process.

Legislation establishing triennial assessments in the District was passed by the Council and Mayor in 1997. The measure required that reassessment provisions of the legislation be in effect for three years and then expire, as provided by a "sunset" clause. Because the sunset of the triennial legislation takes place in October, action must be taken before assessment notices are mailed for the 2002 fiscal year.

In returning the District to annual assessments, the intent is to bring the city in "sync" with real estate market trends. The guiding concept is that yearly re-appraisals, using good mass appraisal methods, provide for fairer and more uniform assessments.

OTR is prepared to issue assessment notices for all residential and commercial properties in Tri-Group 1. This action places the Tri-Group 1 properties into the annual process. Those properties will be re-assessed each year thereafter. In 2002 we will issue assessment notices for Tri-Group 2. This means that both Tri-Groups 1 and 2 will be in the annual process next year. In 2003 we will issue assessment notices for Tri-Group 3, bringing the District's real property triennial assessment process to a close.

In the past three years, OTR has worked to strengthen the real property assessment process. We have deployed a more experienced and better-trained staff. We are actively implementing a program of operational, training and professional enhancements unprecedented in the District's real property tax administration history. We have strengthened our customer service focus, improved our technology, and made great strides in managing our three level appeals process.

Improvements in the city assessment process include the following:

- New senior management staff and senior appraisers with extensive appraisal experience. Existing staff has received extensive training in appraisal and appraisal systems;
- New customer service and telephone centers, and an Internet site for assessment roll, real property billing information, and property sales information;
- An Internet site for real property forms and tax information;

- A new appraisal model and an assessment system have been implemented and have been used to appraise property over the last three years. There is better data quality because building size computations have been reviewed and verified for the last three years;
- A new three-level assessment appeal process has been in place for the last three years. It allows property owners to share and review data with the assessor in a more informal process that allows for more accurate appraisal results;
- Innovative automated systems are available, including a new Computer Assisted Mass Appraisal System, an automated mapping system and a geographic information system, providing immediate access to real property data and information; and,
- New land records management and imaging system, a new assessment appeals processing system, a new tax sale administration system, and a new homestead tax credit and imaging system are all in place, allowing for improved real property tax administration.

The Mayor's budget for 2002 addresses through a Decision Document and additional budget request the FTEs that OTR needs to successfully transition to the annual assessment process. We are currently recruiting to fill these positions. We are also recruiting nationally to fill the position of Chief Assessor, which was recently vacated. I am encouraged by the pool of qualified applicants on-hand from which we may fill these key jobs.

We believe OTR is positioned, with the additional resources noted, to handle the transition to and implementation of an annual assessment process. Thank you, again, for this opportunity to testify. I am happy to answer any questions you might have.